

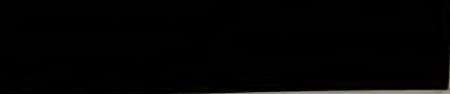
"They Call It
Free Enterprise—
But . . ."

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Brooklyn, N. Y.



"They Call It Free Enterprise -- But . . ."

. . . the freedom is for those who possess great resources and dominating strength rather than for the weak or those who depend simply on their own labor for their well-being."

From the annual message of the Catholic Archbishops and Bishops, Administrative Board of the Welfare Conference, February 7, 1940.

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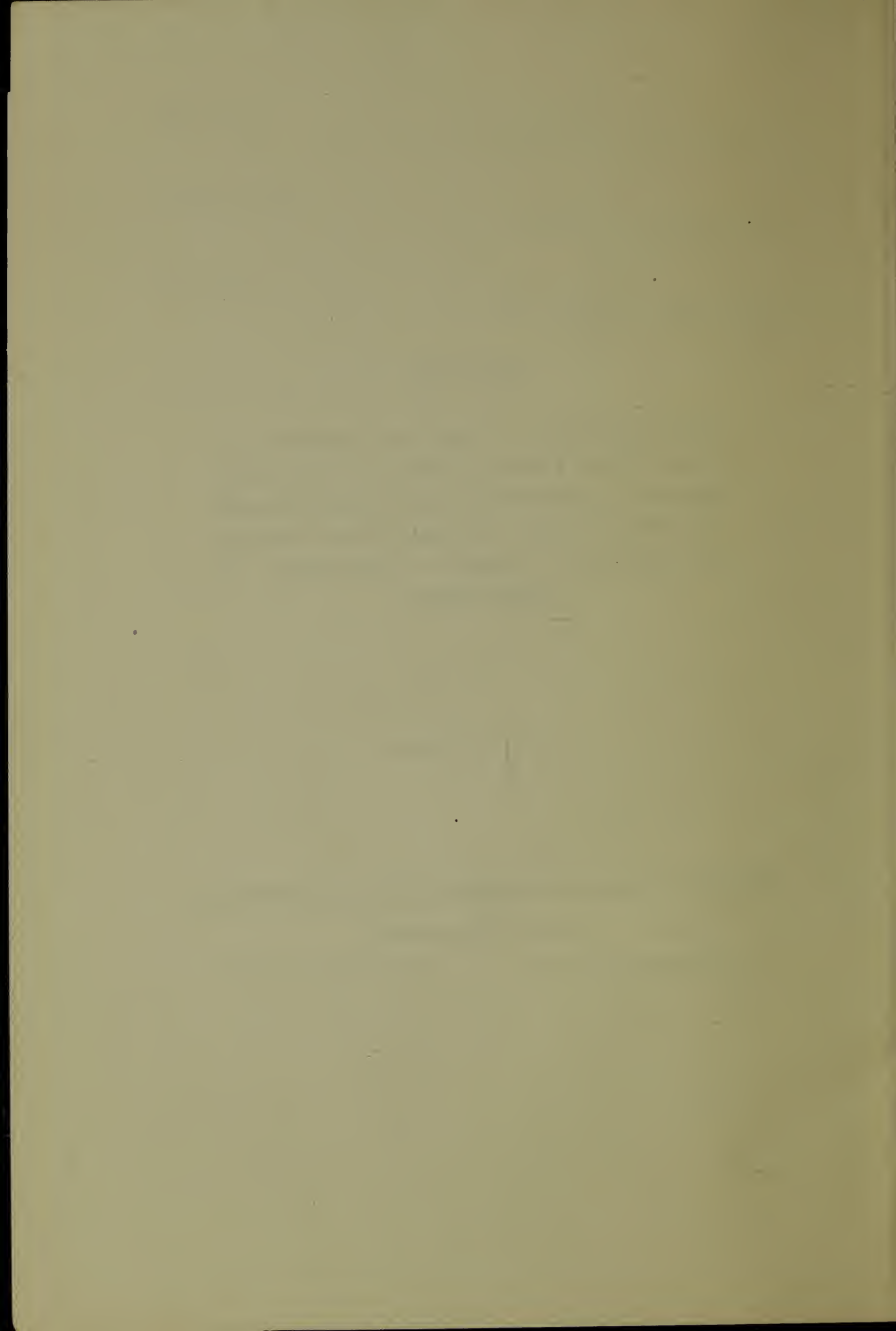
This pamphlet is a reply to a booklet entitled "The Church and our Economic System" published by Reverend Edward A. Keller, C.S.C., Director of the Bureau of Economic Research, University of Notre Dame.

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Part One

NOTRE DAME vs. NOTRE DAME

NO one should reasonably raise objection to an apologist for the capitalistic system who would merely cite the benefits derived from it, if at the same time he were to warn us of the unsound foundation upon which it rests. Gloating over the materialistic advantages of an economy while ignoring the basic social deficiencies of the structure, which may bring about its ultimate collapse, is not to our way of thinking either a prudent or a proper approach to the subject. When it is intimated that the papal encyclicals of the Catholic Church support such a thesis, it is the obligation of some one to make reply. We assume that burden in this pamphlet.

Within recent months, two booklets have come forth bearing the names of two faculty members of Notre Dame University.

One is called "Social Justice in the Modern World" by Dr. Francis Joseph Brown. The other: "The Church and our Economic System" by Reverend Edward A. Keller, C.S.C., Director of the Bureau of Economic Research of the University.

Dr. Brown's booklet is a new translation of the encyclical "Quadragesimo Anno" with a detailed outline, subtitles and some comment. The work is the result of a careful study made by a group of scholars at Catholic University a few years ago.

Father Keller's booklet is an interpretation of the papal encyclicals as they relate to the United States of America. We wish to take exception to a number of statements in the second booklet and intend to use Dr. Brown's translation as our medium of refutation.

"This article makes no attempt to give *full exposition* of the social justice program of the Church," runs the first sentence in "The Church and our Economic System."

"This article is concerned primarily with a diagnosis of our economic system, for only on a basis of a correct analysis can proper remedies be made," is the last sentence of the first paragraph.

The booklet gives neither a *complete* analysis of our economic system nor does it attempt to apply the *full force* of the papal document in the diagnosis or the remedy. It is in fact a justification of the *status quo* which omits salient statements that would be detrimental to the author's thesis.

The booklet aims to establish two points:

1. "That the encyclicals do not condemn our economic system of free enterprise, but instead give a *strong moral foundation* for such a system."

2. "That the *main* economic problem in the United States is not extreme concentration of wealth and income, but rather a *lack of balance among different worker groups and different geographical segments of the economy.*"

We wish to *dissent from* or *distinguish* both propositions.

On Page One, the author states "the encyclicals deal *only* with principles."

Pius XI, as quoted by Dr. Brown, says, "*Free competition has destroyed itself; economic dictatorship has supplanted the free market; unbridled ambition for power has likewise succeeded greed for gain; all economic life has become tragically hard, inexorable and cruel.*"

Is this the mere enunciation of a principle or is it a *statement of fact*?

"... it is *obvious*," the Pope remarks, "that not only is *wealth concentrated* in our times but an *immense power* and *despotic economic dictatorship* is consolidated in the hands of a few, who *often are not the owners* but *only the trustees and managing directors* of invested funds which they administer according to their *own arbitrary will* and pleasure."

Is this merely the enunciation of a principle or the statement of a fact?

"The encyclicals do not condemn the 'free enterprise' system of the United States," remarks the author of "The Church and Our Economic System." "What the encyclicals do condemn are the 'unlimited competition' and extreme 'laissez faire' doctrines of the *early English classical economists*."

On a previous page the author wrote "the supreme pontiffs wrote *for the world*, not merely for the United States." In the above quotation he implies that Pius XI wrote for the world but *not* for the United States.

Comment: The United States of America shows forth the *greatest* and *most powerful* example of the *capitalistic economy* anywhere in the world.

Pius penned his indictment in 1931, not in the days of the early English classical economists.

He summed up his condemnation in one devastating sentence. We quote from Dr. Brown's edition:

"This *concentration of power and might*, the *characteristic* mark, as it were, of *contemporary* economic life, is the fruit that the unlimited freedom of struggle among competitors has of its *own nature* produced, and which lets only the strongest survive; and this is often the same as saying those who fight the most violently, those who give the least heed to their conscience."

"Characteristic" means typical, pertinent to the nature of the thing, the unique note that sets it off from something else.

"Contemporary" means today, as things now exist.

Have conditions changed since 1931 when Pius XI made this original charge? Only for the worse.

We have at present in America forty-seven *billion*—(or *better*)—dollar corporations. There are only *ten* States in the U. S. A. whose corporate assets are the equal or better than that of these corporations. *Individually*, they represent greater financial power, and all that goes with it, than thirty-eight individual sovereign States. There has been a greater increase in mergers and consolidation of power among the corporations since World War II than at any time in the history of our country. (1,800 in mining and manufacturing alone since 1942.)

What chance has any new concern of entering into competition with any of these giants?

The Special Senatorial Committee to Study Problems of American Small Business transmitted its findings on January 23, 1946. Recounting the report of the National Resources Committee of 1935, the Committee stated that of the two hundred largest non-financial corporations and the fifty largest financial corporations "*only twenty-five* of the corporations had *no* director in common with at least one other corporation on the list.

Between them *four hundred* men held nearly one-third of the 3,544 directorships on the boards of the two hundred fifty corporations. In the case of 151 of these companies *each* had *interlocking* directorships with *at least three others* in the group. These 151 companies comprised three-quarters of the combined assets of the two hundred fifty."

"Eight interest groups (e.g. Morgan-First National, Kuhn-Loeb, Rockefeller, etc.) *controlled* 106 of the 250 larger corporations and nearly two-thirds of their combined assets."

What happens to "free enterprise" when you have interlocking directorates, controlled from central financial sources? If control of credit of two-thirds of the combined assets of the 250 largest concerns in the country is not concentration of wealth and economic power—what is it?

These quotations are merely a few items taken from the Committee's report. For greater details, we refer the reader to the monographs of the Temporary National Economic Committee (TNEC). This was the million-and-a-half-dollar investigation that was inaugurated before the war, under the chairmanship of Senator Joseph C. O'Mahoney of Wyoming. Two reports of the Small Business Committee (one 359 pages; the other 379 pages) offer a wealth of material on the subject.

David Lynch in his book, "The Concentration of Economic Power," gives snatches in summary form of the results of the TNEC investigation. Price-fixing techniques, control of market distribution, the role of the trade associations, holding companies are a few of the factor's which the author enumerates.

Stuart Chase in "Democracy under Pressure" tells

you of the monopoly, legal and illegal, on patents and the pressure means used by the lobbyists to protect their clients.

"Cartels in Action" by Stocking and Watkins presents the picture from the international angle.

It all adds up to a nice little bundle of economic domination.

The author of the booklet under discussion speaks of the *distribution* of wealth and income. He fails to refer even slightly to this *economic domination* which the Holy Father calls the *characteristic mark* of capitalism. There, indeed, is where the indictment rests, but no word of it appears in this booklet. "This dictatorship," says the Pope (as quoted by Dr. Brown), "is being *most forcibly exercised* by those who, since they hold the money and completely control it, control credit also and rule the lending of money. Hence they regulate the flow, so to speak, of the *life-blood* whereby the *entire economic system* lives, and have so firmly in their grasp the soul, as it were, of economic life that *no one can breathe against their will*."

Mr. Henry Kaiser, the lone example of an adventurous enterpriser in recent years, could verify this statement if he were to relate his experiences when he first attempted to break into the tight combines of the steel and auto industries.

The author cites the anti-trust laws as proof that the encyclicals do not apply to the "free enterprise" system of America. We grant that there are such statutes upon the books, but:

1. They have been fought tooth and nail from their inception by the money-magnates of America and the corporations who depend upon the financiers.

2. They have not prevented mergers and concentration of economic power in the hands of the giant corporations.

3. Loopholes in the law allow monopolies to come into being. The law then futilely attempts to dislodge them from their pre-empted position. The ineffectiveness of the means is evident.

4. No guilty party has ever gone to jail in the whole history of the anti-trust legislation.

5. Which of the giant combines that today rule their specific field of industry has gained supremacy *without resorting* to “*cut-throat*” competition?

6. In spite of the law, the United States of America today presents the outstanding example of the kind of economic domination against which Pius XI sent his withering blasts.

“The encyclicals give a strong moral foundation for such a system,” says the author of this booklet. “American Catholics,” we are told, “rejoice that their country welcomes rather than repels the advice of the Holy See on the moral problems that pervade our economic life.” The proof of this statement is based on the “widespread interest shown in the so-called ‘social encyclicals.’”

A certain amount of interest has been aroused over the papal documents. But to assume that their principles have been applied, even accepted, as the basis of American economic life is sheer nonsense. We would wager that not one in a hundred Catholics has a grasp of their meaning. We have yet to hear of any *group* of Catholic employers *publicly* subscribing to their content. The non-Catholic world, with a few notable exceptions, is less informed on them.

To say that United States Steel, the aluminum trusts, the cartels in dyes, sugar, rubber and the rest have any thought of conducting their businesses on the principles of the encyclicals is a pipe-dream.

In defending the status quo the author does not so much as mention the *positive* social proposals of the Popes in regard to the reconstruction of industrial society. If it were true that the principles of the encyclicals had been accepted and are now the moral foundation of our present order, would Pius XI think it necessary to utter the following warning:

"All these things," he says, "which our Predecessor has not only suggested but clearly and openly proclaimed, We emphasize with *renewed* insistence in our present Encyclical; and unless *utmost efforts* are made *without delay* to *put them into effect*, let no one persuade himself that public order, peace and the tranquility of human society can be effectively defended against agitators of revolution."

Evidently, the *moral foundation* was missing from our system when Pius XI wrote those words in 1931. What changes have taken place to say that they do not apply with equal vigor at the present moment?

It is a simple matter to show that the existing system of capitalism in the United States has not been "canonized" by the Church and that it does not come within a mile of coinciding with the papal concept of an ordered and reasonable industrial society.

We will call upon Dr. Brown to supply the testimony of Pius XI, which the author of "The Church and Our Economic System" omits:

(82) "The *social policy* of the State, therefore, must devote itself to the *reestablishment* of the Indus-

tries and Professions. In actual fact, human society now, for the reason that it is founded on classes with divergent aims and hence opposed to one another and therefore inclined to enmity and strife, continues to be in a *violent condition* and is *unstable* and *uncertain*.

(84) "Because order, as St. Thomas well explains, is unity arising from the harmonious arrangement of many objects, a *true, genuine* social order demands that the various members of a society be *united together* by some strong bond. This unifying force is present not only in the producing of goods or the rendering of services—in which the employers and employees of an identical Industry or Profession *collaborate jointly*—but also in that common good, to achieve which *all* Industries and Professions together ought, each to the best of its ability, to *cooperate* amicably. And this unity will be the stronger and more effective, the more faithfully individuals and the Industries and Professions themselves strive to do their work and excel in it.

(83) "Labor, as Our Predecessor explained well in his Encyclical, is not a mere commodity. On the contrary, the worker's human dignity in it must be recognized. It therefore cannot be bought and sold like a commodity. Nevertheless, *as the situation now stands*, hiring and offering for hire in the so-called labor market separate men into two divisions, as into battle lines, and the contest between these divisions turns the labor market itself almost into a battlefield where, face to face, the opposing lines struggle bitterly. Everyone understands that *this grave evil* which is *plunging all human society to destruction* must be *remedied* as soon as possible.

"But complete cure will not come until this opposition has been abolished and *well-ordered members of*

the social body—Industries and Professions—are constituted in which men may have their place, not according to the position each has in the labor market but according to the respective *social functions which each performs*.

“For under *nature’s guidance* it comes to pass that just as those who are joined together by nearness of habitation establish towns, so those who follow the same industry or profession—whether in the economic or other field—*form guilds or associations*, so that many are wont to consider these *self-governing* organizations, if *not essential*, at least *natural* to civil society.”

It is a mystery to us how anyone can see any similarity between these “Industry Councils” as they are often called and the unilateral, autocratic, one-sided, management-dominated structure of United States Steel, General Motors, A. T. & T. and the other corporate giants.

If a Catholic wishes to repudiate the papal concept of industrial society, that is his responsibility. But to do so under the pretense that present-day capitalism corresponds to the program of the encyclicals is flying in the face of facts.

The above quotation points out the violent condition that exists at the present time. By implication, since it is contrary to the *natural* state of a self-governing industrial society, the Sovereign Pontiff refuses to accept it as a sound basis for social order. Regardless of the *material* benefits that may accrue to some under such conditions, we will stand with Pius and label it as he does, “(a) *grave evil* which is plunging all human society to destruction—it must be *remedied* as soon as possible.”

Father Keller asks the question, "What is the position of the Church, then, on economic matters?" but he does not answer the query. He merely states, "The Church, as is its traditional policy, takes a middle of the road position between the two extremes of nineteenth-century individualism and socialism—between these two extremes there is a *via media*." There is a *via media* but it is not a vague, *negative* approach. It is the positive plan of the *Industries and Professions* (as Dr. Brown terms it).

Work it out and you find the representatives of the workers sitting across a table with the representatives of management, of agriculture, of the professions, of the government, determining not merely the things that *management will allow* the workers to discuss—but all that pertains to the *common good* of industry and of the country.

It is a *planned* economy. Planned, however, not by government, not by management alone, not by labor alone—but by all three, *insofar as* the three are needed to protect the *common good*.

The words "planned economy" are not in good repute today. Mussolini, Hitler and Stalin so abused them that they will bear a stigma for years to come. As they interpreted the term it deserves all the scorn that can be heaped upon it.

So call it a Co-operative Capitalism, a Co-ordinated Economy, a Systematized Society if you like. Call it what you will, but let us not imitate those who are sorely wrought over the murder of a letter in a word, but feel no compunction at the actual violence done to a man, as Augustine put it.

Some may not like the Pope's new order. Nevertheless, unless we wish to repudiate the papal doctrine

the logical conclusion is *This or Eventual Chaos*. The Church is not responsible for the beginning or the development of Capitalism. She has the duty to warn the world when men attempt to build human society on an anti-social, unnatural foundation. This She has done. If there still be some, even among her own, who, enamored of the partial advantages of a pagan system, prefer to defend the dictators who dominate it rather than to labor in the unpopular and less pleasant task of promoting the positive program of total reconstruction, that is a role of their own choosing. We will have none of it.

"The average person," writes the author of the booklet we are discussing, "finds it very confusing when he hears or reads words of condemnation from Catholic leaders which could be lifted bodily from the *Daily Worker* or any other communistic publication or could come from the lips of the 'Wreckers of Christian Civilization.'"

The average and the above-average Catholic would be less confused by some of these statements if he would take the time to study what the Holy Fathers actually have said about our present economic conditions. As Monsignor Fulton Sheen has been quoted as saying: "The Communists are often correct in their protests; it is in the remedies they propose where they are at fault."

We have never read in any Communist publication a more scathing criticism of our non-Communist economic system of today than that leveled at it by Pius XI. It is only by bringing to earth the hidden fallacies and defects of Capitalism that the average person will catch the full significance of the papal pronouncements. The contrast is necessary for complete understanding.

No one in his right senses will say that a "profit" economy based on morally licit free enterprise is wrong in itself. In some respects Capitalism is "good"—but the question is—"Is it *good enough* as a substitute for a *genuine, natural, human*, industrial society in keeping with the concepts enunciated in the papal encyclicals?" We do not think so and we do not believe the Popes thought so.

We can understand and appreciate why any person would prefer to defend what we have in America if the choice were merely between Capitalism and Communism. To the Holy Pontiffs who have penned the immortal social encyclicals that is *not* the choice. They reject both and propose a third.

To quote only those portions of the encyclicals, therefore, which condemn Communism and Socialism and to gloss over the indictments against Capitalism in order to bolster up a thesis in its favor is unpardonable partisan pleading in a wrong cause. To lay the blame for our social inequities upon *the effects* and disregard the *basic* causes is neither good logic nor sound social philosophy. That is what this booklet does when it states that the *main* economic problem in the United States is in a lack of balance among different worker groups and different geographical segments of the economy. We will take up this angle of the question, and perhaps a few tangent topics, in Part Two.

We will use the message of the American Bishops, 1940 (which Father Keller quotes too sparingly), as direct proof of our contention.

Part Two

THE BISHOPS SPEAK!

“IT would be unreasonable to expect that an economic system which has been predicated on *false principles* and which has been operative over many decades could be reorganized suddenly or with the easy gesture of hasty legislation and new administrative policy.”

This quotation is not the opinion of any early English classical economist. It is a statement from “The Church and the Social Order” of February 7, 1940, which is the official interpretation of the encyclicals by the American Bishops. The criticism refers to the capitalistic system which now prevails in the United States of America.

The Bishops say that it has been predicated upon *false principles* even though it has persisted through many decades. The booklet “The Church and Our Economic System” claims “that the encyclicals do not condemn our economic system of free enterprise but instead give a strong moral foundation for such a system.” Both statements can not be correct.

The author, referring to Pius XI’s admonition to those possessing surplus income, draws the conclusion that the investment of income to supply tools for the American economy in itself, is the “act of *real* liberality, appropriate to the needs of the time” which the Pope recommends. The investment bankers now under investigation by the United States government should protest any such interference with the *virtue of liberality*—at 6 per cent. We hope this is not the *moral foundation* which the encyclicals are assumed to place under our capitalistic structure.

The author argues that "the *main weakness in our economic system* lies is the maladjustment among different workers groups, that is, between agricultural workers and the non-agricultural workers and between the highly-organized, highly-paid workers and the un-organized, lower-paid workers." The second difficulty is geographical we are told. It consists in the economic condition of the South.

We do not quarrel with the fact that there is a great disparity of income between various groups of workers in the country or that "the South is the cancer-sore of our national economy."

We are always appreciative, however, when the other side offers us arguments to strengthen our own thesis. These very conditions confirm the diagnosis by Leo XIII, Pius XI and the American Bishops. The author is citing some of the *effects* of the unsound economic system from which they flow. He neglects to inquire into the *cause*. The *main weakness* in our economic system, in any system, is not in its *effects*. Symptoms are not the disease. They merely indicate the possible cause.

American capitalism has followed the pattern which Pius XI pointed out is basically unsound. There are three steps in it:

"1. First there is the struggle for economic supremacy itself.

"2. There is the bitter fight to gain supremacy over the State.

"3. Finally there is the conflict between the States (governments) themselves, not only because countries employ their power and shape their policies to promote every economic advantage of their own citizens, but also because they seek to decide political controversies

that arise among nations through the use of their economic supremacy and strength."

We can prescind for the present from the third step enumerated by Pius XI. The truth of it is all too evident. But it does not apply particularly to the issues under discussion.

We have remarked before, "Big Business is not bad because it is big; it is big because it has been bad." Any one who would deny the pertinency of the first two points to America is not conversant with the history and development of corporation enterprise in this country. It is not necessary to resurrect our pioneer "Captains of Industry" from their graves to offer testimony. The effects of that struggle for economic supremacy are apparent in the present status of our major industries.

The second step is equally clear, but it should not be misunderstood. There has never been a time when the industrialists and the financiers have attempted a coup d'etat "to take over the government" here as may have happened in other countries. The approach has been more subtle but none the less persistent, relentless, unabating. The "pressure" is still on at this moment.

Why, do you think, it took more than fifty years to have written on our statute books the simple legal recognition of the *natural right* of working people to organize into labor unions? That right was decreed in eternity, promulgated in the Garden of Eden, championed by the Vatican from the beginning of the industrial era—but it has been denied by the National Association of Manufacturers and others for fifty years. What was this but the use of the resources and authority of the State in an economic struggle against the workers of the nation?

Why, do you think, it was impossible for years to

get a minimum wage and hour law on the statute books? When finally such legislation was enacted, who but those great defenders of simon pure democracy, our Southern Senators, restricted the ceiling to the maganimous sum of 40c. an hour? (In speaking of the South, it might be well for the research experts to inquire into the collusions between the Southern politicians and industrialists in their warfare against the workers if they want to learn one of the important reasons for the economic backwardness of that section of the country.)

Money built a bulwark in America from the inception of industrial relations. James Truslow Adams, we believe it was who said, "Big Business became a *virtue* in America—to which every other virtue was subservient." It established an economic system which left no place for the exercise of fundamental rights by others and no thought of morals or anything else unless in the crucible of conflict it could *show a profit*. It laid down the principle and perpetuated the policy that *industrial issues* would be decided upon *political* and *economic strength*.

So foreign to even the simplest codes of natural virtue was this concept that Leo XIII blasted it from its very birth, clearly and in detail diagnosed its falsity, and predicted its eventual results. Pius XI accepted Leo's masterful analysis and brought it up to date. Pius XII has since supplemented the indictment with current comments. Unfortunately, the system has worked out according to the blue-print for error which the Popes had predicted. The American Bishops attest to this truth in their annual message, 1940, "The Church and the Social Order."

Neither the farmer nor the industrial worker were

given proper consideration in the original plans for the capitalistic utopia. They had to shift for themselves. That they have done.

One of the strongest lobby groups in Washington is that of the "Big Four" which represents the farmers—primarily the large owners. It is an aggressive "pressure" group. They are there to use the "resources and the authority of the State," insofar as it is possible, to safeguard the interests of the agricultural elements in our national economy. This lobby is an instrument of self-defense set up to off-set the influence of both organized management and organized labor.

The rising power of some of the labor unions is common knowledge today. We have no intention of defending either those unions or their leaders who, aping the example of the industrial and financial giants against whom they do battle, have established an "economic dictatorship" of their own. There are such and they deserve no more sympathy and support than do their capitalistic proto-types.

"Economic supremacy," says the Bishops' message quoting Pius XI '(can not) assume this function of a true and effective guiding principle,' for this is a head-strong and vehement power, which if it is to prove beneficial to mankind, needs to be curbed strongly and ruled with prudence."

Contradicting the contention of the author of this booklet, the Bishops say: "It is not, however, the *excessive* claims of labor on the *income from industry* which constitute the *most immediate problem* in labor relations today, but rather the abuse of power which not infrequently results in violence, riot and disorder." They go on to state that *employers* are equally to blame with *irresponsible labor leaders* in provoking such

conditions. "Leo XIII," they relate, "spares neither group in his denunciation of such immoral conduct." The condition can best be remedied "by eliminating the economic abuses from which the disorder springs."

It is evident both from the encyclicals and the American Bishops' commentary upon them that the economic abuses flow from the disordered condition of modern industrial relations. The remedy is in the reorganization of society and the harmonious realignment of those relationships. That is the basic problem and the fundamental difficulty. No amount of favorable statistics on the present status of Capitalism can make up for the deficiency. No analysis of the situation can be acceptable as long as this major evil is ignored.

The booklet "The Church and Our Economic System" presents a formidable array of statistics to show that there is a widespread distribution of ownership in America. We might concede the whole set of them. The papal and episcopal criticisms would still stand.

The author cites the United States Steel Corporation and the A. T. & T. as examples of diffuse ownership. "In neither of these corporations," we are told, "does any one individual own as much as 1 per cent of the total stock." Granting the pretense of democratic ownership, we reply, in neither of them do the stockholders or the workers have the least effective voice in the disposition of their labors or their property. The system is so rigged that aside from the influence of the unions practically *complete control* of the economic elements is in the hands of a small clique. They typify the characterization of Pius XI—"no one dare breathe against their will."

In treating of the distribution of the National income, the booklet informs us that 90.2 per cent of it

went to groups receiving less than \$5,000 a year. We have always wondered why the defenders of the status quo peg their figures at the *\$5,000 a year* level.

A well-known economist in a New York City University breaks down the 90.2 per cent figure and comes up with this for the year 1946:

17%	of American <i>families</i>	had an income less than \$1,000
23%	of American <i>families</i>	had an income less than \$2,000
25%	of American <i>families</i>	had an income less than \$3,000

65%

This 65 per cent of families shared 36 per cent of the National income. Those over \$5,000 a year shared 31 per cent of the National income. The \$3 to \$5,000 group took the remaining 33 per cent. Taking \$2,500 to \$3,000 as an estimate for a family income, the least that this break-down shows is that at least 40 to 50 per cent of our American families do not enjoy the vaunted "American way of life" which the full page ads of the NAM and other propagandists prate about.

The booklet, likewise, reveals what it terms an "enlightening" fact. In a period classified as "normal" only 40 per cent of all corporations operated at a profit while 60 per cent operated at a loss. To us the fact is not only enlightening but slightly devastating. Why get enthusiastic about a system that is 60 per cent inefficient, fails to provide a proper living for half the families of the nation, has created conditions which the Pope labels a "grave evil" and which has been termed "economically unsound and inconsistent with social justice and social charity" by the American Bishops in their official interpretation of the encyclicals?

Again, we are told 50 per cent of the American homes are owned by their occupants; 50 per cent of American farms are owned by their operators. Only 2.1

per cent of the total rent income of the country goes to persons with incomes above \$25,000 a year. There is no documentation giving the source of the statistics so we will leave it to some of our figure-happy readers to probe their accuracy.

We do not wish to impugn either the competency or the integrity of the author. But it has been said there are "liars, d - - liars and statistics." In spite of the fact that we quoted a few in a preceding paragraph, we are always a bit skeptical about any of them. The way they are juggled in most controversies (e.g. the Nathan report and the NAM rejoinder of last year) is a caution to the layman.

We do not think we can go far wrong, in promoting the *positive* program of the Church and staying with the American Bishops when they declare in their 1940 message: "The Church is not concerned with the accuracy of economic surveys or the resultant data, nor the problems of scientific organization, production, cost-accounting, transportation, marketing and a multitude of similar activities. To pass judgment on their aptitude and merits is a technical problem proper to economic science and business administration.

"For such the Church has neither the equipment nor the authorization. We frankly declare that it would be unwise on her part to discuss their operation except insofar as a moral interest might be involved."

So back again to the "true remedy according to the mind of Pope Pius XI" as the Bishops' report reveals it:

"The social organism," they tell us, "has been dismembered and broken up into fragments each seeking its own selfish interests instead of the common good of all. Until the *organized nature of society* is again recognized and reestablished through *vocational groups*

or *guilds*, either one of two things must happen. The State must assume all responsibility, that is, become an absolute dictatorship or else the individual remains helpless, defenseless and completely overpowered by those who enjoy economic supremacy."

The chief qualifications of those vocational groups or guilds, as noted by Pius XI, are that they

*are autonomous
embrace whole industries and professions,
are federated with other constituent groups
possess the right of free organization
assembly
and vote*

that they should dedicate themselves to the common good and with governmental protection and assistance function in the establishment of justice and the general welfare in economic life.

In their latest message, November, 1947, the Bishops' Committee reiterate this need. They said: "The Christian view of economic life supports the *demand* for *organiation* of management, labor, agriculture and professions under *government encouragement*, but not control, in *joint effort* to avoid social conflict and to promote *co-operation* for the common good."

This is a call for a new type of industrial society—or rather the rebirth of one that flourished in a limited way at one time in the history of civilized society. It repudiates the present economic domination "by those who have ownership or control of capital," so that those "who have only their labor to invest have been forced to accept working conditions which are unreasonable and wages which are unfair." "This condition arises," say our Bishops, "from the fact that labor policies

have been dictated by *false principles* in the interests of the owners or capitalists. Secondly, it arises from the fact that labor frequently *has had no voice* in the regulation or adjustment of these problems."

We are fully aware of the objections that may be raised against our proposals. We are conscious of the resistance that many will make to them. As a matter of fact, so strenuous is the opposition to change of any kind and so stubborn is the defense of the status quo that many within the Church itself hesitate even to repeat the challenging statements of the Vicars of Christ.

But what individuals may think or what self-interested parties may desire has nothing to do with the case. There is such a thing as *objective truth*. It is upon such truth, embodied in the principles of sound social philosophy, that the papal encyclicals are built.

Modern American Capitalism is devoid of any truly *rational guiding principle*. Its advocates prate about free enterprise but its participants, who exercise the dominating influence, practice monopoly. They talk of competition but resort to economic power and political pressure to maintain a pre-empted position of supremacy.

A million or more small business enterprisers re-echo the propaganda that is fed to them in full-page ads. They do not stop to think that the molds of competition, of wages, of prices have been set by a relatively very small number of gigantic corporations. They assume that they are free, not realizing that they are fettered by the chains of unfair competition.

"They call it free enterprise," was the caustic comment of the American Bishops' Committee, "but the freedom is for those who possess great resources and

dominating strength rather than for the weak or those who depend solely on their own labor for their well-being."

When anyone asks for an *ordered* industrial society, in which all those vitally affected will have a decent representation, an angry and an anguished cry of "Planned Economy! Beware!" rends the air.

We ask, "What have we now but a planned economy?" It is planned but the planning is the "private property" of autocratic groups who over the years have unfairly attained positions of strategic supremacy.

When the masters of the Steel Industry, for instance, the manufacturers of a product that is of vital public import, dictatorially and unilaterately decree that the price of steel will be raised five dollars a ton regardless of the effect upon the rest of the nation—what is that? Is it merely a haphazard accident or is it a very deliberate and planned action?

When the wizards of Wall Street, who control the major channels of the credit of the nation, pull the strings which make industrial puppets dance—giving economic strength to one party, debilitating another—is that free enterprise or is it a planned dictatorship whose influence is felt in every segment of the economy?

Where is this free enterprise they talk of and in what does it consist? Would the establishment of democratic Industrial Councils in the major industries of the nation culminating in a National Economic Council destroy legitimate freedom? Why should it?

The whole stability of our political democracy has been built upon a written Constitution and representative government. Has this ordered way of life deprived or protected the citizens in their civil liberties?

The answer to the question is evident even in the asking of it.

No similar bulwark of liberty and security has been provided in the economic world. Protection of economic rights of the citizen has been left to a wild, undefined, indefinite something which those who profit by it like to label with the sweet-sounding title "free" enterprise.

The lack of any ordered process for determining economic issues has thrown back upon the political frame-work burdens which do not rightfully belong to it. Matters that can be handled only by the participants in industrial relations, if the economy is to be really free, clutter up the legislative arm of the government and "disordered chaos yields to organized confusion."

The result has been a wage-price spiral that defies solution, artificial curtailment of production for increased profits, crippling strikes, anti-trust restrictions which do not curb monopoly, labor laws which become a weapon of aggression to the party in favor, encouragement of the evil of legislation by lobby, and universal disregard of the public welfare on all sides. This is the disgraceful condition that is ardently defended in the name of "Competition."

Some appeal to the doctrine of private property as the reason for their defense of "things as they are." No one has ever insisted upon the right and the need of private ownership for a sound basis of society, as have the Sovereign Pontiffs of the Catholic Church. We fail to see, however, the application of the principle in our present set-up. The trend is constantly in the direction of greater and greater concentration of credit, resources and power in the hands of the few to the

detriment of the many. The social implications of the papal doctrine of private property are hardly known.

Now and then we even hear of private price-control as a *proprium* of private property. Prices are not property. They represent a *relationship*. They are the connecting link between costs and profits.

There can be no relationship by *one party* looked upon as an isolated entity, standing alone, some kind of an absolute. The word "relationship" presupposes at least two terminal points.

Price-determination affects the wage-earner, the investor, the public, the government. All should have some voice in the matter. Only an *organized* economy can give the essential partners in that economy the rightful and vital representation that belongs to them.

Our present system minimizes the rights of other social groups other than management and the financiers. Under the pretense of protecting "freedom" it actually disregards the dictates of democracy, invites industrial warfare, fosters an indefensible "Individualism" at the expense of "Social Responsibility," and places all economic life on a plane of unabating, relentless conflict. Security and a stable social order are sacrificed, not to the ideals of true liberty, but the insatiable cries of illegitimate selfishness.

The "Vocational Group" or "Industries and Professions" plan gives a voice to labor, to the farmer, to the professional man in the direction of the elements in our economy which affect the lives of all of them. The control of the economy is no longer left to the arbitrary whims of one very self-interested party—the capitalists. Economic democracy supplants economic dictatorship.

Security, as well as *liberty*, becomes the concern of *all* the major social agents in society. "We do not

wish to imply," the Bishops say, "that individual employers as a class are willfully responsible for this present state of insecurity but we do claim that a *system* which *tolerates* such *insecurity* is both *economically unsound* and also *inconsistent with* the demands of *social justice* and *social charity*."

Where we ask is the moral foundation from the encyclicals for such a system?

But the Popes' proposals are impractical in a modern world! Practical or impractical—they *are* the proposals of the Church. The present capitalistic system runs counter to them. That was the thesis we started out to prove.

How impractical are they? Was Hitler's solution more practical? Is Stalin's solution more practical? Is the present chaotic condition of class-warfare in America a more practical approach? It is not the Popes who are illogical and impractical.

It is the present generation of God's creatures who are guilty of mental myopia. They try to split man in half, thinking only of the materialistic side of life and then complain when the Church refuses to follow them in their idiocy.

In the final analysis the papal plan is nothing more than a plea to marshal and mobilize all the brains, energy, talent, resources of present day life into one unifying force to provide for a just allotment of the things of earth. To those who point with pride to the achievements of the past, we reply, "If so much could have been accomplished in conflict and turmoil, how much more can be expected on a principle of co-operation in a society that would follow the natural law rather than run counter to it?"

Human nature, we know, is cantankerous. That

"alibi" may be soothing to a calloused conscience, but it will be small comfort to any of us when present conditions culminate in a collapse.

Conscious of this human deficiency the encyclicals link a second demand to that of the reorganization of society. It is a return to a virile life of Faith and morals. The Church has little hope that the world can see salvation from a study of statistics. The natural relationships of men to men and of groups to groups must once again be brought into line. The saving light of the Gospels must again illumine the minds and warm the hearts of men. Reformation on both levels is imperative.

There is nothing in Capitalism which indicates that it has the power to perform such a miracle. As the system now operates it is a major obstacle to both objectives. Leo XIII, Pius XI, Pius XII, the American Hierarchy have affirmed this judgment. It is time, we think, that all Catholics take seriously the suggestions, the cautions, the warnings and the positive pronouncements of the Holy See.

